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Retirement Planning among Hispanics: In God's Hands?

Luisa R. Blanco[*],
Associate Professor, School of Public Policy, Pepperdine University, 24255 Pacific Coast Highway, Malibu, CA 90263, (310) 506 7466 and Adjunct Researcher, RAND Corporation, 1776 Main Street, Santa Monica, CA 90407

Emma Aguila,
Assistant Professor, Sol Price School of Public Policy, University of Southern California, 650 Childs Way, Los Angeles, CA 90089, (213) 821-0702

Arturo Gongora, and
Project Coordinator, David Geffen School of Medicine, University of California Los Angeles, 10940 Wilshire Blvd Suite 700, Los Angeles, CA 90024, (310) 794-3217

O. Kenrik Duru
Associate Professor in Residence, David Geffen School of Medicine, University of California Los Angeles, 10940 Wilshire Blvd Suite 717, Los Angeles, CA 90024, (310) 794-8138

Abstract

We conducted a qualitative study on retirement preparedness among middle-aged and older low-income Hispanics in Los Angeles. Data derived from four focus groups conducted in the greater Los Angeles area. Findings demonstrate how behavioral and cultural factors—family experiences, religiosity, and denial of retirement—explain the lack of savings and preparedness for retirement. Findings also indicate that the majority of participants want to be economically independent and to keep working until they are unable to do so. Participants helped their parents financially but did not feel comfortable asking their own children for help. Instead, participants placed their survival in retirement "in God's hands."

Keywords

Retirement; Religion; Culture; Hispanics; Women; Qualitative Methods

Introduction

Older Hispanics are one of the fastest-growing population groups in the United States. The U.S. Hispanic population 65 years old and older included 3.6 million people in 2014 and is projected to grow to 21.5 million by 2060. In 2014, Hispanics made up 8% of the older population; by 2060, this percentage is expected to rise to 22% (Administration for Community Living, 2014). With growing representation, the overall well-being of older

Correspondence to: Luisa R. Blanco.
[*]Please use Pepperdine contact information for any communication

Americans in retirement will increasingly be influenced by the life course experiences of older Hispanics.

Retirement expectations and planning for retirement by Hispanics may be affected by their immigration and socio-economic status. A 2005 survey found that 43% of Latino workers had no knowledge about investing or saving for retirement compared to only 12% of all workers (National Council of La Raza, 2005). Moreover, the decline in private pensions from 1999 to 2011 has been particularly harmful for Hispanics, who have had a 19% drop in participation with employer-sponsored retirement plans (Shin, 2015a). Historically, Hispanics have had lower levels of education, wealth, and income than other ethnic groups (Gonzalez & Hilmer, 2006; Smith, 1995; Sullivan & Ziegert, 2008), resulting in the average Latino household having just 8% of the wealth of the average White household (Shin, 2015b). Disproportionate employment in low-wage occupations without private pensions and employer-sponsored retirement saving plans during prime working years exacerbates poverty at retirement age within Hispanic populations (Mudrazija & Angel, 2014).

This study explores the influences of retirement planning and saving behavior among urban, low-income, middle-aged and older Hispanics. The study aims to develop an understanding of how low-income Hispanics plan and save for retirement, what factors have led to a lack of retirement planning within this group, and what role their families play in retirement planning. The role that behavioral and cultural factors play as determinants of retirement preparedness among low income Hispanics is investigated. Data are derived from four focus groups held in low-income neighborhoods within the greater Los Angeles area.

There is scant empirical evidence about experiences in saving and planning for retirement among Hispanics. Richman, Barboza, Ghilarducci, and Sun (2008) conducted a qualitative study among retired Chicago residents about Latinos' lack of preparedness for retirement, interviewing both older Latinos and their children to understand a generational change in perception of providing income for retired parents. Older study participants reported that they did not have adequate income during retirement, in part, because they rely only on Social Security benefits and Medicare without additional supplementary income. Younger study participants reported that they lived day to day and were unable to save for retirement. Very few participants worked in a job that provided a pension or retirement plan. Moreover, Social Security benefits were likely to be small since the average length of U.S. residence among study participants was just 17 years. Similarly, Blanco, Ponce, Gongora, and Duru (2015) drew on focus group and survey data to examine access to financial services and saving behavior among older minorities in the Los Angeles area. They also found a significant lack of preparedness for retirement among low-income Hispanics. The current study expands on Blanco et al. (2015) by exploring in more detail barriers to retirement planning among low-income Hispanics, including both individuals at retirement-age and those approaching but not yet at the age of retirement.

Promoting early and adequate planning for retirement is a top priority for the U.S. government, with President Obama specifically emphasizing the importance of helping low-income individuals to plan and save for retirement (White House, 2015). There has been a significant decrease in retirement savings in the last two decades among all racial and ethnic groups within the U.S., with participation in retirement saving plans influenced by both income and education (Ellen, Wiener & Fitzgerald, 2012), as well as employer provision of pension or retirement plans and information about options available to employees (Gonyea, 2007). Understanding the challenges that Hispanics face in planning for retirement can help in developing effective tools for improving retirement preparedness, including participation in retirement savings programs.

One particular challenge that Hispanics face in retirement planning is that they, like other ethnic minorities, participate less in the formal financial sector (Chatterjee & Zahirovic-Herbert, 2014; Aguila, Angrisani & Blanco, 2016). This can hamper retirement planning because participation in the financial sector can lead to trust in financial institutions and improved financial literacy, which in turn can lead to increased saving behavior (Agnew, Szykman, Utkus & Young, 2012; Lusardi & Mitchell, 2011).

Retirement expectations related to family support and individuals' ability to continue working are also important determinants of retirement planning. Honig (1996) suggests that Hispanics are likely to continue working after age 62 because a large proportion of them, as documented immigrants, need to accumulate more credits to receive higher Social Security benefits. The Social Security benefits formula takes into account beneficiary earnings during their 35 years with the highest salary, and immigrants are more likely to have spent less than 35 years in the U.S. depending on their age of arrival. Therefore, immigrants have more incentives to continue working after age 62 so that more years of their labor history in the U.S. are considered in the Social Security benefits formula. This is in contrast to undocumented Hispanic immigrants, who are unable to stop working when they reach retirement age because they are unable to receive Social Security benefits (Wessler, 2014). Previous research suggests that Hispanics, like other minorities, are more likely than non-Hispanic Whites to depend on their children for financial resources and care as they age (Weiss, González, Kabeto, & Langa, 2005; Parker & Patten, 2013).

Methods

Our study examines data collected from four focus groups conducted in the greater Los Angeles area. We recruited participants with the help of Guardian Angel Catholic Church in Pacoima, California and the Mexican American Opportunity Foundation in Montebello, California. Participants were all Hispanic and at least 50 years of age. To promote confidentiality and trust we did not ask specific questions about country of origin, legal immigration status, and number of years in the U.S. However, there were several instances where participants mentioned that they were from Mexico and that they had been in the U.S. for five years or more. Because we partnered with the Mexican American Opportunity Foundation, we assume that the large majority of participants were from Mexico and that our study will provide insights more applicable to immigrants from Mexico than elsewhere.

Focus groups and individual surveys among focus group participants were conducted in June 2014. In both Pacoima and Montebello, we held two focus groups, one for self-reported retired participants and one for self-reported non-retired participants. Both the focus group protocol and short survey were modified versions of instruments used in a previous study

(Blanco et al, 2015). Despite our efforts to screen participants to an appropriate group, there were two retired individuals in a non-retired focus group, and one non-retired participant in a retired focus group. We used oral informed consent and informed participants about issues regarding confidentiality of the information shared through focus group discussions and the individual survey. Institutional Review Board approval was obtained from the RAND Corporation Human Subject Protection Committee (Protocol approval number 2014-0378).

Each participant was asked to complete a survey with questions about their demographic characteristics and socio-economic status (SES), financial services use, employment, access to social security benefits, and retirement planning, expectations, and experiences (see Online Appendix for survey questionnaire). Some questions on the survey differed for retired respondents as compared to respondents who were not retired. The frequency and proportion of responses to each survey question were recorded for the full sample and separately for retirees and non-retirees.

The four focus groups were each approximately 90 minutes and were conducted in Spanish by a bilingual facilitator who followed a question guide. Each focus group was audiotaped and transcribed. Each focus group had 8 to 10 participants, with a total of 38 participants (18 non-retired and 20 retired participants). The discussion for the focus groups was structured around the following topics: retirement preparedness, savings behavior, family experiences with planning for retirement and saving, and intergenerational transfers (see Online Appendix for focus group guide).

Using the transcription of the audio recordings, we coded the conversation by topic and analyzed this coded data to identify major themes about retirement planning and saving behavior among participants. A grounded theory approach was taken to coding the data (Glaser and Strauss, 2012) using *scissor-and-sort* and *content analysis* techniques. Through *content analysis* we identified themes by looking for patterns of responses that repeated in the focus groups transcriptions (Bender and Ewbank, 1994). Using *scissor-and-sort* we marked all transcriptions by the categories noted, and then cut-and-paste these marked transcriptions so that we compiled in one document all coded data by categories (Stewart et al., 2007).

In our initial phase of code development, two researchers coded the same portion of the transcriptions; any differences and inconsistencies between the two were discussed with a senior researcher. Eighty percent of the data was coded the same way by both researchers in this initial phase; the remaining 20% were discussed with the senior researcher until a complete consensus was reached. In the second phase of coding, the two researchers coded the remaining data independently and one senior researcher reviewed the coded data to check for consistency in coding. If the senior researcher found something was not coded appropriately, then changes were made to the coding. After all the data was coded, the *scissor-and-sort* technique was used to create two separate documents, one with all the coded data from retired participants organized by categories and subcategories and a second, similar document including coded data for non-retired participants (see Online Appendix for codebook categories and subcategories).

Survey and focus group results are discussed below. The survey data are used to describe participants' demographic and socioeconomic characteristics and retirement planning and saving information. The data collected from the focus groups provides qualitative evidence of how behavioral and cultural factors influence the lack of retirement planning among participants. The category headers reporting the focus group results reflect discussion topics that were pre-planned; italicized and underlined points denote themes observed in the data (see Online Appendix, Figure A1, for a flow chart describing connections among the main themes identified).

Results

Survey Results

Table 1 summarizes the demographic, socio-economic, and retirement characteristics of our sample. Within our sample, 84% of our participants were women, 84% were foreign born, and 87% only spoke Spanish at home. Furthermore, 73% of non-retired participants were working (mostly part-time). Most participants were married or cohabiting with a partner, had not graduated high school, and were very low income with an annual household income of less than $13,000.

Table 2 presents data on questions asked of the full sample about financial behavior and retirement planning. Half of both retired and non-retired respondents had checking accounts but while most retired respondents had savings accounts, most non-retired participants did not. Retired participants were also more likely to save on a regular basis and to own a credit card. Nearly all retired participants said they, or their spouses or partners, or both received Social Security benefits, while fewer than one in four non-retired participants said this. Most retired participants reported that no one in the household had a retirement or pension account. Among retired participants, only 18% and 23% said they or their partner had a retirement or pension account, respectively. Among non-retired participants, only 6% noted that they or their partner owned a retirement account; none said that they had pension accounts.

Table 2 also shows that most non-retired participants said they were not prepared for retirement, while most retired participants said they were at least "somewhat" prepared. "Lack of money" was the biggest concern regarding retirement preparation for both non-retired participants (50%) and retired participants (33%). The second-greatest obstacle cited by both groups regarding retirement preparation was lack of understanding of retirement accounts.

Table 3 presents data on questions asked of either non-retired participants or retired participants about financial behavior and retirement planning. Most non-retired participants said they have not set an age for retirement (53%), and most have not figured out a budget for retirement (61%). Even higher proportions of non-retired participants said they do not have a retirement plan (77.8%) or have been unable to contribute to such a plan (72%).

Among retired participants (Table 3), 47% reported retiring between ages 62 and 64 years, 29% retired before they were aged 62, and 24% retired at age 65 or older. Most retired participants reported being moderately (53%) or very (16%) satisfied with retirement. Similar proportions reported being moderately (55%) or very (25%) satisfied with their retirement income.

Focus Group Results

Category 1: Retirement preparedness

Retired and non-retired participants reported similar approaches to *planning for retirement.* Both groups showed a significant lack of retirement preparedness. Most non-retired and retired participants reported working currently and prior to retirement, respectively. Most retired participants said that they retired because they had an accident or because they lost their job and could not find another. As one said, *"I was not prepared for my retirement because, truly, I did not want to retire at 62. I had to retire because I had an accident. I used to work in the textile sector…After two years [on disability and] not working, I lost the ability to work, so I had to retire."*

While most retired participants had not made any plans for retirement, a few had. One participant said that she and her husband delayed their retirement until they felt they had financial security: *"My husband made a budget for 5 years…He realized that the Social Security benefits were not enough to pay for our expenses, and he said that it was not time to retire because we did not have enough…When we finished paying our mortgage…we knew we could make it, and that is when we retired."* Another participant said that she "*had calculated how much I needed and I asked the Social Security about how much I was going to receive at retirement.*"

Non-retired participants reported several reasons for their lack of planning for retirement. These included never planning to retire because they did not want to rely on others, including their own children. This point-of-view is reflected in the observations of one participant who reported *"ask[ing] God to give me enough strength to work until the last day of my life because I do not want to depend on anyone."* These reasons also include planning to work until they were no longer able do so because they preferred work to retirement. This perspective is reflected in the view of someone who reported *"want[ing] to work until I can't because I do not like to be idle."* Such attitudes highlight the importance of independence in retirement decisions. Still others reported a lack of retirement planning because they intend to move back to their country of origin for retirement where living expenses are much lower, and where they own a house and agricultural land for self-production of food or for selling local products.

Some participants said that they would have liked to retire but were unable to do so because they had not participated in a retirement saving plan. Thus, among the reasons cited for continuing to work were a lack of access to Social Security because they mainly worked "off the books" (i.e., for cash), lacking "enough credits to receive Social Security benefits" even if they had worked in part, "on the books," and having large financial obligations which could not be fulfilled in the absence of a retirement plan. Such reasons for continuing to work point to the importance of savings in retirement plans, which we discuss further below.

Regarding *retirement age*, several participants retired before age 65, as noted earlier. One woman who planned for retirement said that she retired at 62 because she did not know if she would still be alive at age 65. Only three of the 17 retired participants answering the question about retirement age in the survey reported retiring at age 65 or older.

While most non-retired participants do not have a set age for retirement, a few mentioned that they would like to work another 10 to 15 years and retire at ages 62, 65, or 70. Such expectations for an older retirement appear to differ from the reality that retired participants have confronted. One explanation for this difference may be difficulty in predicting the health shocks that can force retirement. As one retired participant said, "*I did not plan my retirement; I had an accident that made me retire*."

We found mixed levels of *knowledge about expected and actual retirement income*. Some retired participants said that they knew how much they would get in retirement income because they received a letter in the mail or because they went to the Social Security office to ask. Other retired participants said that they did not have a clear understanding of how much Social Security income they would receive upon retirement. One person mentioned that she had trouble getting Social Security benefits, and that she faced a language barrier when dealing with the Social Security office. Another retired participant reported never receiving a letter in the mail or any information about Social Security benefits. We asked retired participants if they estimated their income needs prior to retirement. While two retired participants did so, most did not; "*We did not plan anything*" was a common response.

During the focus group discussions, we found out that none of the non-retired participants had estimated a budget for their retirement years. Many said that they were expecting to receive Social Security benefits and some expect to get pensions from work. Several non-retired participants said that they inquired about their benefits in-person at the Social Security office. When asked about specific requirements to receive Social Security in retirement, non-retired participants repeated phrases such as "*ten years of work*" and "*credits*," indicating they may have some information about the requirements. Nevertheless, one participant said that he had only "*half-information*" about how Social Security works, while another spoke of the "*annual report*"; few had concrete details. Some mentioned that their Social Security income depends on the type of work that they do, but others admitted that they do not know how the benefit amount is determined.

We found that *religious faith* is an important coping mechanism for the lack of retirement planning. When we asked retired and non-retired participants whether they worry about having enough income to pay their bills and health expenses in retirement, most mentioned that they choose not to worry but to trust that "God will provide" what they need. For instance, one non-retired participant said: *"I ask God that I could do everything myself, and not depend on my children. That is why I already paid for my funeral." A retired participant also said "Sometimes I worry, but then I tell myself that God wont let me die of hunger."* One non-retired participant said that worrying too much could cause an illness. Several non-retired participants stated that they were not worried about retiring at all, with one saying, *"I know how to survive,"* and another saying, *"It's better not to think about this,"* and "*Why* *stress out so much if you have no control…"* Nevertheless, one non-retired participant said that even though he does not worry because his retirement is largely a matter of fate, he would like to have "*something secure*" in his old age because he is not expecting anyone to help him in his later years.

Category 2: Savings behavior

Regarding *access to financial services and saving*, we found that while most participants had checking accounts and several had savings accounts, few had credit cards. Adding to personal savings on a regular basis, however, and saving for emergencies has been hard for most participants. Some retired participants said that, when they were working, they saved to buy a house, but many said it was difficult to save for anything. As one said, *"I don't have savings. I would like to save for my funeral, but I do not have anything saved."* When we asked retired participants if they can currently save on a monthly basis, we found that half said they can do so, though many responded having *"a little bit saved, but very little."* However, all retired participants who were on Social Security mentioned that they receive their benefits through their checking accounts. This indicates that those retired participants that receive Social Security benefits have some access to the formal financial sector due to bank account ownership.

Like retired participants, most non-retired participants said that they would like to save but cannot do so regularly. Said one, *"I would like to make a plan for retirement…but…we don't have full time work, and it is difficult to make a plan for saving because of this."* Several non-retired participants said that they still have children who depend on them, making it difficult for them to save.

Most participants said they were unable to compile an emergency fund. Retired participants frequently mentioned "*we live day to day,"* making savings for use in emergencies difficult. Some non-retired participants said that they consider their income-tax refund as savings for an emergency. Other non-retired participants said they have saved for emergencies in the past but already spent their funds on an emergency and have found it challenging to build up another emergency fund.

Given how difficult participants have found it to save in general, it is not surprising that *saving for retirement*, the focus of this study, has been difficult as well. Most participants said that they have been unable to save for retirement beyond Social Security contributions, while several have not made significant contributions to Social Security because, as noted earlier, they worked for cash most of their lives. Moreover, we observed that only one retired participant mentioned that she contributed to a 401(k) account, but she had already depleted that account. Similarly, very few non-retired participants mentioned that they or their spouse have a 401(k) or other retirement account. Although some non-retired participants said that they have a budget, they typically do not know how much they spend on a regular basis and have not thought about the income they would need when they retire.

One new government program likely to have important implications for retirement savings among our non-retired focus group participants and other low-income ethnic minorities is *my Retirement Account (myRA)*, which was first announced in January 2014 and launched in December 2014. The government advertises this program as simple (automatic contributions with government management), affordable (there are no costs or fees associated with opening and managing an account), and safe (investment is backed by the government and will not go down in value). We asked retired participants whether they would have saved for retirement through myRA; some said that if such accounts existed when they were working, they would have been able to contribute $20 to $50 monthly. Most non-retired participants expressed enthusiasm for participating in a program like this. One retired participant mentioned that he would like to have been more informed in general about the different options available to save for retirement. Another non-retired participant lamented that myRA was news to him, commenting, "*It's a lack of information, unfortunately.*" Most participants agreed that a dearth of information and knowledge about retirement savings options is a problem they face.

Category 3: Family experiences with saving and planning for retirement

Some retired and non-retired participants recalled their parents (who typically resided in the participants' country of origin) *teaching them how to save* with a few participants in each group mentioning that their mothers always emphasized the importance of saving. Other participants said that their parents were unable to save because they were too poor. One frequent quote was, *"My family did not save; we lived day to day."*

All participants said their parents never *taught them about retirement* because they did not make any plans for retirement. As one said, *"I heard many stories, but nothing about retirement. Those are different cultures; over there, you work and live day to day."* Others added that older persons in their home countries often do not think about retirement: *"In our countries, at least in mine, there are no retirement plans; we don't talk about retirement."* Participants said that their parents worked until they could no longer do so*: "Over there… people work until the last day, until they cannot get up."* Only one retired participant said that his father received retirement income. Such responses reflect, in part, the lack of access to formal-sector jobs and accompanying social-security benefits and pension benefits in participants' countries of origin.

Category 4: Intergenerational transfers

Retired participants flatly stated that they do not help their children with money. This may be in large part because, as we learned, retired participants' children do not live with or depend on them. By contrast, many non-retired participants said that they still have school-age children who do. This difference in having dependent children is likely related to the average age of participants, 70 for retired participants and 55 non-retired ones (Table 1). Some non-retired participants said that adult children living at home sometimes help with household bills, though many said it was difficult to ask their children to contribute to household expenses. Other non-retirees mentioned that they continue to help adult children who no longer live at home.

In relation to *helping their parents*, most participants, retired or not, said that they send money to their parents, primarily their mothers. One said, *"From what I have left, my mom is first, she is old and cannot work or move, and I can. After I pay my bills, I send my mom*

$50, and I still have enough to eat, because God provides me." Retired participants gave us mixed answers about *getting help from their children*. Half said they get some help, while the other half said they do not. Help received may be monetary or in-kind. One said, *"I have three children…I have all I need, but sometimes they give me money. One of my sons bought me a stove and they are going to buy me a hearing aid."* Many participants in both groups said that they would not like to get help from their children when they get older and that they do not expect to get it anyway because they do not want to be a burden, and their children have a different culture in relation to helping parents with aging needs.

When we asked participants why they help their parents but do not want help from their children when they age, some said that their children are different because they grew up in a different country. One said, *"Our children do not think like we do, they are different. We grew up in another country, not the United States… educated in another system…"* Some non-retired participants mentioned that they do not want to be a burden to their children and that they do not want to ask them for money when they get older. One retired participant said that he does not like to get monetary help from his children because he believes that he would need to report it to the Social Security office and this could reduce his Social Security benefits.

We provided participants with two scenarios to further explore when they might ask for help. In one, we asked what they would do if they needed to pay $1,500 for dental expenses. In the other, we asked what they would do if they had a $400 health expense not covered by Medicare or Medi-Cal. Most participants, as noted above, did not have an emergency fund to cover such an expense. Participants said they would need to pay through an installment plan. Few would ask their children, but some would borrow from someone outside their family. Interestingly, while most participants said they have no emergency funds, some said they have pre-paid for their own funeral. Such behavior might be the result of cultural influences, as well as the certainty of death but uncertainty over future illnesses.

Discussion

There are many similarities between the retired and non-retired Hispanics focus group participants in our study, particularly regarding behavioral factors that could explain the lack of retirement preparedness. First, and most important, there appears to be a denial of retirement needs, the reality of life in old age, and possible loss of financial independence. Most non-retired participants said that they plan to work until they can no longer do so and therefore do not plan for retirement. Similarly, most retired participants reported working before retirement and that they did not plan to retire but had an unexpected event that induced them to retire (e.g., a health shock). The reported high rates of labor force participation may seem surprising given that 84% of the sample was women, and 81% of the female participants reported being born outside the U.S. This finding, however, is consistent with previous research. Prior studies have documented the work of Hispanic immigrant women in the informal sector (e.g. González Baker 1997, Salcido & Menjivar 2012). Borjas (2016) finds that the employment rate for documented immigrant women at middle and older ages is similar to native-born Americans, while that for undocumented immigrant women is higher than that for native born. Moreover, our findings are consistent with those of Wessler (2014) who finds that undocumented Hispanic immigrants are unable to stop working when they reach retirement age, in part, because they are unable to receive Social Security benefits. Compounding the absence of Social Security benefits and the need to keep working is the lack of access to retirement or pension accounts.

Second, culture helps to explain many participants' retirement-planning behaviors, especially given social norms not to plan for retirement. The lack of tradition for preparing for retirement is reflected in the finding that participants' parents did not plan for retirement and never spoke to them about it. We are not aware of previous qualitative work that asked directly about family experiences on retirement saving and planning. Our work thus contributes to the literature by showing how the social norm of not planning to save for retirement among Hispanics derives, in part, from lessons participants' learned from their parents about denying aging needs and desiring to keep working until they are unable to do so.

Third, there is a paradox in relation to the role of family networks in our study. Interestingly, we find that family networks do not appear to explain a lack of retirement preparedness; indeed, most participants reported that they do not expect to rely on such networks for support. Paradoxically, while some participants said they help their parents, they do not expect their children to help them. Our findings in relation to family networks is to some degree inconsistent with Richman et al. (2008) which reports strong evidence of a culture of familial interdependence, where Latino adults felt obliged to support elderly parents without complaining and there is generalized reciprocity between Latino seniors and their children. Nonetheless, some participants in Richman et al. (2008) also expressed, like in our study, that they do not expect their children to help them when they get older. In a more recent study, Richman et al. (2015) find that as Hispanics become more acculturated ("rooted"), they have lower expectations that their children will support them when they get older. Our findings are consistent with Blanco et al. (2015) in which Hispanic senior participants expressed that they do not want to ask their children to cover unexpected health expenses and aging needs. Our study expands on the latter by finding that participants do not expect their children to help them economically as they get older like they do to their own parents because their children have been raised in a different environment in which the social norm to help out older parents is not as strong. Thus, our finding here relates to Richman et al. (2015) finding on how acculturation shapes expectations about support from family networks to cover needs in old age among Hispanics.

Fourth, religious faith may affect retirement planning as well, with many participants saying they do not worry about retirement because they trust God's will. Such attitudes may reflect not just faith and hope in God but also fatalism regarding events they cannot control. This finding is consistent with Kimball and Shumwall's (2009) analysis of the University of Michigan Survey of Consumers, which found that the likelihood of saving is lower among fatalistic individuals who identify with statements where outcomes are beyond one's control. As far as we are aware no other study has examined how religion affects retirement planning among Hispanics. Further research is needed to explore this dimension of retirement planning in detail.

Our focus group findings provide insights on the role of disability and knowledge in retirement planning. We find that many retired participants were forced into retirement because of disability. This is an important finding given that Hispanics are more likely to work in high-risk occupations, making them more susceptible to disability (Baron, Steege, Marsh, Menendez & Myers, 2013). We find that income is an important determinant of saving behavior and retirement planning, but so is lack of knowledge of retirement programs. Our findings here might reflect labor-market experiences in Latin America, where a high proportion of the labor force in the informal sector does not pay taxes or make social security contributions (Aguila, Mejia, Perez-Arce, Ramirez & Rivera, 2016). Study participants expressed that in their home countries people rarely learn about and plan for retirement because they expect to work all their lives. Thus, older Hispanics living in the U.S. may, in part, know little about or plan for retirement because they too plan to work until they are physically unable to do so, continuing practices akin to those in their countries of origin.

Our focus group findings are also relevant for the new myRA retirement savings program which specifically targets low-income Americans. We found that not a single participant in our June 2014 focus groups knew about this program. This lack of knowledge may be because the program had only recently been announced and not officially launched at the time of our focus groups were conducted. Still, it suggests that special efforts may be needed to recruit low information populations such as this to participate in myRA and other similar programs.

The results of the survey are consistent with the focus groups findings in showing a lack of preparedness for retirement. In the survey results, most report not being able to save, not having figured out a budget for retirement, not planning for retirement, and not having been able to contribute to a retirement plan. The survey also showed a paradox regarding retirement planning and satisfaction. We expected to see an inverse association between the lack of retirement planning and retirement satisfaction. Yet we found only 11% of retired respondents were unsatisfied with retirement while 69% were “moderately” or “very” satisfied with retirement. It may be that retired participants are generally satisfied because they have low expectations for retirement. This may be because they believe what happens in retirement is “*in God’s hands,*” the limited income received from Social Security is sufficient to cover routine needs, or because they are unaware of the potential financial risks one might face in retirement. Under such circumstances the lack of retirement planning does not have a detrimental effect on retirement satisfaction because they had such low expectations for retirement in the first place. Further research on the relationship between retirement planning and retirement satisfaction among Hispanics is warranted.

In our study there is also evidence of resilience among participants. We refer to resilience as the ability to face adversity and return to equilibrium following adverse episodes (Windle, 2010). Previous research has documented that spirituality may be associated with improved resilience (Peres, Moreira-Almeida, Nasello, & Koenig, 2007). Among participants, a strong sense of independence and spirituality may equip them well in demonstrating resilience in the face of catastrophic events, including, specifically, the financial burden of an uncovered medical emergency. Most participants had been working all of their adult lives and emphasized their determination to be economically independent, even in the face of adversity. Some participants thus reported that they would find ways to pay by themselves in installments when facing a medical emergency. No participant seemed to expect that these expenses would be paid by their children. None mentioned requesting welfare or general relief as a means of subsistence during such difficult times. Spirituality seems to be associated with resilience among our participants where several expressed that they trust "God will provide" for their needs in old age including unexpected expenses. Spirituality seems to be connected directly to the desire for independence at older ages as it was expressed by a non-retired participant who pleads God to allow her to do everything herself and not depend on her children.

Limitations

There are some limitations to our study. First, the study was conducted in low-income neighborhoods; so our findings can only be interpreted in the context of such communities and their residents. Second, the focus groups were conducted in small communities (albeit within a large metropolitan area), which might make participants reluctant to share honestly about their own wealth lest they be asked for financial assistance by others. Third, while participants said that they do not wish to ask their family for help as they age, we do not know how they would respond if family members were to offer help unsolicited. Participants claimed that younger generations differ from them regarding support of aging parents, but we cannot document how these generations will behave as their parents age. Fourth, we use a convenience sample, and our results are not representative of the broader population. We also recruited participants among individuals affiliated with a church (Pacoima), suggesting our results may be more applicable to religious Hispanics. Fifth, our convenience sample might have resulted in having more participants who work fewer hours than others in the larger population. We tried to accommodate working participants by holding the non-retired focus groups at night or during lunch hours, but it is still likely that persons who work more will have had less time to participate. Finally, as noted, there were two retired individuals in the focus group for non-retired participants, and one non-retired participant in the retired group. These participants may have influenced focus-group deliberations in ways we were not able to document.

Conclusion

This study shows that behavior and culture are important influences on retirement planning and saving among low-income Hispanic participants. As such, it provides important insights for the design of adequate social policies to help ensure that poor minority populations in the U.S. are better prepared for their retirement needs. Because behavioral and cultural factors appear to shape decisions related to retirement planning and saving among Hispanics, policymakers should make a special effort to break the social norm of not planning for retirement among this population. One policy approach would be to incorporate an estimated budget that explains average health expenses and other needs for retired adults into the promotion of myRA or other retirement programs that target low-income individuals. Another approach could be to emphasize among minorities the importance of retirement planning and saving as a social norm in the U.S. Providing this population with statistics about the number of individuals who plan and save for retirement may help to normalize the practice of saving for retirement.

Although these approaches are likely to be helpful, according to behavioral economic theory the most effective and direct way to spur people to save for retirement is through "nudges" to participate in retirement programs, such as automatic enrollment (Beshears et al., 2008). Because minorities are less likely to have employers that offer retirement plans, our findings underscore the need for a 401(k) plan operated by the state, such as the California Secure Choice Retirement Plan. This plan was proposed to the California Legislature in March of 2016 and was signed into law by Governor Brown on September of 2016; other states area also considering programs of this nature.

We found that our participants lack adequate knowledge about the Social Security system and retirement saving plans. Helping Hispanics to better understand Social Security can promote greater contributions which can in turn help low income minorities be better prepared for retirement. Furthermore, there seems to be a lack of understanding among Hispanics about how retirement plans work, and policymakers should work closely with financial institutions to help inform Hispanics about the details of how to save for retirement. Understanding the key barriers that make it difficult for Hispanics to develop a good understanding of retirement plans will be crucial for designing adequate educational programs that target their informational needs. Potential barriers to participation in retirement plans may include lack of numeracy and English proficiency, as well as distrust in financial institutions.

We suggest that, for further research, nationally representative surveys such as the Health and Retirement Study (HRS) should incorporate more specific questions about retirement planning and how family experiences, networks, and personal faith may affect this process. While HRS experimental modules and leave-behind participant lifestyle questionnaires cover some questions related to these topics, there are no questions specific to personal experiences in retirement planning as young adults, expectations about family support as individuals age, or how religion is used as coping mechanism for the lack of retirement planning. Furthermore, experimental modules sometimes have small samples, making it difficult to develop representative data for minorities. Understanding more about behavioral factors and the role of culture, family experiences, and family networks in retirement planning and saving could help determine what types of programs will best prepare Hispanics for retirement.

Supplementary Material

Refer to Web version on PubMed Central for supplementary material.

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Table 1

Survey Results: Demographic and Socio-Economic Sample Characteristics

	Full sample $n_f = 38$		Non-retired $n_{nr} = 18$		Retired $n_r = 20$	
	%	Count	%	Count	%	Count
Females	84%	32	94%	17	75%	15
Age, Average* (nf=35 nnr=17, nr=18)	63	35	55	17	70	18
Non US Born	84%	32	72%	13	95%	19
Only speaks Spanish at home	87%	33	83%	15	90%	18
Married or co-habitation	63%	24	67%	12	60%	12
High school graduate (or more)	26%	10	33%	6	20%	4
Income, 0 to $13,000* ($n_f$=30 n_{nr}=16, n_r=14)	73%	22	81%	13	64%	9
Own Home* (n_f=36 n_{nr}=18, n_r=18)	36%	13	28%	5	44%	8
Employed part time* (n_f=37 n_{nr}=18, n_r=19)	32%	12	56%	10	11%	2
Employed full time* (n_f=37 n_{nr}=18, n_r=19)	8%	3	17%	3	0%	0

"*"Sample size for questions denoted with "*" shown in parenthesis: n_f for full sample, n_{nr} for non-retired sample and n_r for retired sample. Percentage (unless stated otherwise) calculated for all the answers adds to 100.

Table 2

Survey Results: Financial Behavior and Retirement Planning (Questions asked both non-retired and retired participants)

	Full sample $n_f = 38$		Non-retired $n_{nr} = 18$		Retired $n_r = 20$	
	%	**Count**	**%**	**Count**	**%**	**Count**
Checking account						
Have one	50%	19	50%	9	50%	10
Do not have one	42%	16	44%	8	40%	8
Do not know	3%	1	0%	0	5%	1
Do not want to answer	5%	2	6%	1	5%	1
Savings account						
Have one	45%	17	33%	6	55%	11
Do not have one	47%	18	61%	11	35%	7
Do not know	3%	1	0%	0	5%	1
Do not want to answer	5%	2	6%	1	5%	1
Saving behavior						
Able to save in a monthly basis	18.4%	7	6%	1	30%	6
Able to save but not in a monthly basis	5.3%	2	11%	2	0%	0
Not able to save in a monthly basis	76.3%	29	83%	15	70%	14
Do not know	0.0%	0	0%	0	0%	0
Do not want to answer	0.0%	0	0%	0	0%	0
Credit card* (n_f=35, n_{nr}=17, n_r=18)						
Have one	40%	14	29%	5	50%	9
Do not have one	60%	21	71%	12	50%	9
Do not know	0%	0	0%	0	0%	0
Do not want to answer	0%	0	0%	0	0%	0
Social Security						
Receive benefits (self/partner/both)	58%	22	22%	4	90%	18
Do not receive benefits	42%	16	78%	14	10%	2
Do not know	0%	0	0%	0	0%	0
Do not want to answer	0%	0	0%	0	0%	0
Retirement Account* (n_f=35, n_{nr}=18, n_r=17)						

	Full sample $n_f = 38$		Non-retired $n_{nr} = 18$		Retired $n_r = 20$	
	%	**Count**	**%**	**Count**	**%**	**Count**
Have a retirement account (self/partner/both)	11%	4	6%	1	18%	3
Do not have a retirement account	83%	29	83%	15	82%	14
Do not know	3%	1	6%	1	0%	0
Do not want to answer	3%	1	6%	1	0%	0
Pension Account* (n_f=35, n_{nr}=18, n_r=17)						
Have a pension account (self, partner, both)	11%	4	0%	0	23.53%	4
Do not have a pension account	83%	29	88.9%	16	76.47%	13
Do not know	3%	1	5.6%	1	0%	0
Do not want to answer	3%	1	5.6%	1	0%	0
Prepared for retirement						
Not at all prepared	50%	19	67%	12	35%	7
Somewhat prepared	34%	13	22%	4	45%	9
Very prepared	5%	2	0%	0	10%	2
Do not know	8%	3	11%	2	5%	1
Do not want to answer	3%	1	0%	0	5%	1
Largest obstacle when preparing for retirement* (n_f=36 n_{nr}=18, n_r=18)						
Lack of money	50%	18	66.7%	12	33%	6
Lack understanding of retirement accounts	19%	7	16.7%	3	22%	4
Lack of interest	3%	1	0.0%	0	6%	1
Do not know	11%	4	11.0%	2	11%	2
Do not want to answer	17%	6	5.6%	1	28%	5

Sample size for questions denoted with "*" shown in parenthesis: n_f for full sample, n_{nr} for non-retired sample and n_r for retired sample. Percentage calculated for all the answers, add to 100.

Table 3

Survey Results: Financial Behavior and Retirement Planning (Questions asked either non-retired or retired participants)

	Non-retired, n_{nr}=18		Retired, n_r=20	
	%	**Count**	**%**	**Count**
Expected retirement Age* (n_{nr} =17)				
Have a set age planned	29%	5		
Do not have a set age planned	53%	9		
I do not plan to retire	0%	0		
Do not know	12%	2		
Do not want to answer	6%	1		
Planned budget for retirement				
Have not figure out a budget	61%	11		
Have figure out a budget	22%	4		
Do not know	17%	3		
Do not want to answer	0%	0		
Retirement plan				
Do not have a plan for retirement	77.8%	14		
Have a plan for retirement	5.6%	1		
Do not know	11%	2		
Do not want to answer	5.6%	1		
Contribution for retirement plan				
Have not been able to contribute	72%	13		
Have been able to contribute	0%	0		
Have been able to contribute somewhat	28%	5		
Do not want to answer	0%	0		
Retirement age* (n_r =17)				
Retired before 62 years			29%	5
Retired between 62 and 64 years			47%	8
Retired at 65 year or after			24%	4
Retirement Satisfaction* (n_r =19)				
Not satisfactory			10.5%	2
Moderately satisfactory			52.6%	10
Very Satisfactory			15.8%	3
Do not know			15.8%	3
Do not want to answer			5.3%	1
Retirement Income Satisfaction				
Not satisfied			15%	3
Moderately satisfied			55%	11
Very satisfied			25%	5
Do not know			5%	1
Do not want to answer			0%	0

"*" Denotes observations not available for the full sample. Sample size for questions denoted with "*" shown in parenthesis: n_{nr} for non-retired sample and n_r for retired sample. Percentage (unless stated otherwise) calculated for all the answers, add to 100.